

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

José R. Sifontes, District Director

252 Ponce De León Ave. Suite 200
San Juan, PR 00918-2038
Tel: (787) 766-5572
Fax: (787) 766-5309
Web: www.sba.gov/pr

Caribbean E-Outlook
Angelique F. Adjutant, Editor

December 2007, Volume # 5, Issue # 4

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SBA Guarantees \$93 Million to Puerto Rico & Virgin Islands Small Businesses during FY 2007

The U.S. Small Business Administration guaranteed \$93 million in loans to small businesses in Puerto Rico and the Virgin Islands seeking financial assistance during fiscal year 2007, District Director José R. Sifontes has announced.

The Puerto Rico and Virgin Islands district office backed 665 loans under its 7(a) Loan Guaranty Program for \$57 million, helping small businesses expand or renovate facilities, purchase machinery or equipment and obtain working capital.

"Even during the most challenging of times, the SBA is unwavering in its commitment to existing and aspiring entrepreneurs, and continues to provide the access to capital they need to start and grow their businesses," Sifontes said.

More than 38.7 percent of all monies injected to the community last year went to loans under the agency's Certified Development Company (CDC) Program, as the SBA provided 100 commercial real estate loans for \$36 million. Also known as the 504 Loan Program, commercial real estate loans originate through a CDC, a non-profit corporation that invests in the community's economic development and helps create jobs.

Loans to veterans exceeded expectations and surpassed their planned goal by 5.88 percent, representing a 12.5 percent increase over loans under this category the previous fiscal year.

"We expect to see loans to veterans continue with this growing trend, as the SBA implements new initiatives to help our veterans succeed as entrepreneurs, such as the Patriot Express Program that was announced earlier this year and has already seen positive results in Puerto Rico," Sifontes added.

Also during fiscal year 2007, the SBA provided counseling and technical assistance to more than 11,500 individuals who approached the district office or one of its resource partners such as SCORE, the Puerto Rico Small Business & Technology Development Center, the Women's Business Institute and the Virgin Islands Development Center.

Coming Soon to a City Near You!

SBA is taking lender training out to the field, focusing on underwriting of the Regular 7(a) Loan Guaranty Program.

More news still to come. Please stay tuned...



The holidays are a time of reflection. As we get ready to begin celebrating the joys of the season, let us not forget to be thankful for the achievements of the year past. Despite many challenges, we have made great contributions to the economies of Puerto Rico and the U.S. Virgin Islands and have helped thousands of individuals achieve their dream of becoming an entrepreneur.



*José R. Sifontes
District Director*

Small businesses carry much weight on their shoulders, as it is evident that the economy's future highly depends on the creativity and innovation of small business leaders. At the SBA, we are committed to providing them with the best financial and technical resources available to help them start, grow and succeed.

On behalf of the entire staff of the Puerto Rico and Virgin Islands District Office, happy holidays! May the New Year bring much peace and prosperity to all.

The Puerto Rico office recently promoted the SBA's programs and services at the 17th Annual Conference on Public Service for People with Disabilities. The event, held at the Guayama Convention Center, was aimed at educating the disabled community on the various resources available to help them lead an independent life. In the photo above, SBA's Myriam Rodríguez shares information with Luis Figueroa, education officer of the Advocate's Office for People with Disabilities (OPPI by its Spanish acronym).

SBA Salutes Banco Popular for Assisting Military Business Community

The SBA's Puerto Rico and Virgin Islands District Office congratulated Banco Popular for its efforts in promoting veteran-owned small businesses in Puerto Rico during the recently-ended federal fiscal year. As of September 30, 2007, Banco Popular had approved two loans under the SBA's new Patriot Express Program, becoming the first Puerto Rico lender to do so.

The Patriot Express Loan Initiative, which began in June, is a streamlined loan product based on SBA's highly successful SBA Express Program, but with enhanced guarantee and interest rate characteristics.

"We are pleased to acknowledge the efforts Banco Popular has put forth under the Patriot Express initiative," said SBA District

Director José R. Sifontes. "As of fiscal year-end, the SBA has provided its guaranty on Patriot Express loans in excess of \$460,000 and we look forward to continue working with Banco Popular as well as with all our participating lenders in advancing the interests of veteran-owned business in Puerto Rico."

Patriot Express is available to military community members including veterans, service-disabled veterans, active-duty service members participating in the military's Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability.

Loans are available up to \$500,000 and can be used for most business purposes.

Best wishes,

A handwritten signature in black ink, likely belonging to José R. Sifontes.



During local Minority Enterprise Development (MED) Week celebrations, the SBA participated with other federal entities in a Business Matchmaking event sponsored by the Puerto Rico Minority Business Enterprise Center (PR-MBEC).

From the left in the photo above: Edgardo Rodríguez, SBA; Rafael Cintrón, SBA; Edgar Rodríguez, HUD; Marjuli David, PR-SBTDC; John Coyle, MBDA New York; Teresa Berríos, PR-MBEC; María Fernández, PR-MBEC, Eng. Pablo Vázquez, U.S. Corps of Engineers; and Héctor López, U.S. Army, PR Air National Guard.

Educational Software Developer is Puerto Rico's Minority Small Business Person of the Year

Manuel Figueroa spent 30 years living away from his native Puerto Rico and returned ready to give something back to the island that saw him grow.

Today, he is president and chief executive officer of Virtual Educational Resources Network (VERNET), a leading developer of educational software – a slight change from his lengthy career with a worldwide leader in the field of telecommunications.

Leaving the Island while still in his teens, Figueroa obtained a Ph.D. in electrical engineering at the Florida Institute of Technology, later investing his knowledge and expertise at AT&T Bell Laboratories and subsequently head of the Mexican operations of Lucent Technologies.

“By the year 2000 I was already in Miami, in charge of the region,” Figueroa says. “I was very comfortable.”

But comfortable as he was, Figueroa wanted to try something different. In his own words, the years working for Lucent “opened the horizon for me to ponder starting my own business.”

After a due diligence trip to Puerto Rico he was clear on what he wanted to do: make a social contribution to the economic development of the island and, perhaps, the rest of the world, by creating educational tools that would improve the learning environment.

“Similar attempts made in the past (for this type of business) had failed, because there had not been sufficient capitalization or the initiative to undertake the R&D, as well as sales and marketing efforts for this kind of product,” the entrepreneur states.



During Minority Enterprise Development (MED) Week celebrations held recently, SBA District Director José R. Sifontes (right) presents the Minority Small Business Person of the Year Award to Manuel Figueroa, president and CEO of Virtual Educational Resources Network.

With a \$750,000 R&D incentive from the Puerto Rico Industrial Development Company and with three employees, in March 2000 VERNET began operations in Mayaguez's technology and science incubator known as VITEC. This initial funding helped the company develop its original flagship product Values to Live By, a bilingual reading program that ultimately teaches its user the principles of a happy life. The product's success allowed VERNET to begin investing in the development of new educational programs.

In 2002, Figueroa led his company to enter a strategic alliance with Ireland's Riverdeep, the largest educational software company in the world. A year later, the partnership's first product *Destination Math* proved to be a complete success, leading to the creation of the umbrella *Destination Success*, under which to develop *Destination Reading (Spanish Version)*, and, very soon, *Destination Science*. Also in 2003, VERNET entered an agreement with Virginia's Rosetta Stone Ltd. to distribute its language software The Rosetta Stone.

In addition, VERNET has developed supplementary training materials to complement the products it distributes. Currently, over 20 percent of public

and private schools in Puerto Rico have implemented VERNET's educational software tools.

In spite of this success, however, day sales outstanding were limiting the company's growth. In order to mitigate that hurdle, last year, Figueroa obtained a loan and a revolving line of credit under the SBA's 7(a) Loan guaranty Program, which provided VERNET with the necessary working capital to allow the business to grow 100 percent.

By the end of 2006, the company had generated \$8.9 million in sales and hopes to exceed \$14.5 million this year. VERNET currently employs over 30 people on a full time basis. The company subcontracts 30 professionals on a regular basis and 700 tutors during two-month cycles several times a year.

“SBA has a very clear north,” Figueroa assures. “We all know that it's the agency's mission to grow the economy through the creation of small businesses, but its main goal is that those small businesses be successful. I have never seen that attitude in any other type of organization.”

Figueroa, who is this year's Minority Small Business Person of the Year for SBA's Puerto Rico and U.S. Virgin Islands District, also exports VERNET's products and services to the Dominican Republic, Ecuador, Colombia, and Panama.

“Our biggest satisfaction is to see the face of a child who didn't have any math skills and now does, who couldn't read or write and now is able to,” Figueroa concludes. “Those are the true success stories.”

Michael Pappas Appointed SBA's Region II Regional Administrator

SBA Administrator Steve Preston has announced the appointment of Michael Pappas as the new Regional Administrator for the U.S. Small Business Administration's Region II which includes New York State, New Jersey, Puerto Rico and the U.S. Virgin Islands. As Regional Administrator, Pappas will manage the delivery of the agency's financial assistance, management counseling, business development and minority enterprise development activities throughout Region II. Pappas is preceded by William Manger who has recently been appointed Associate Administrator for the SBA's Office of Field Operations in Washington, DC.

"Michael Pappas will be a tremendous asset to SBA's Region II Office and the small businesses in New York State, New Jersey, Puerto Rico and the U.S. Virgin Islands," said SBA Administrator Steve Preston. "Having previously served as Region II Administrator, he has a strong and experienced understanding of the issues that are critical to the small business communities in these areas, and a broad familiarity in delivering to these small businesses the help they need to get started and grow."

Before joining the SBA, Pappas was the Director of Development for Pillar of Fire International, an educational and charitable association. From 1997-1999, Pappas was a member of the U.S. House of Representatives, serving as a member of the Small Business, National Security and Government Reform committees, and as Assistant Majority Whip.

Previously, Pappas was a member of the Somerset County Board of Chosen Freeholders, for nearly 13 years and served for two years as director of the board. His private sector experience began while working with his late father at Pappas Insurance Agency, a family-owned business.



"I look forward to returning to Region II and working to increase the agency's impact on the small business community in this area," said Region II Administrator Michael Pappas. "I am excited for the opportunity, once again, to have a role in providing a stronger working relationship between government and small business in Region II," Pappas said.

PR & USVI Loan Production as of Nov. 30, 2007 vs. 2006

Lender	2007 Loans	\$\$\$ Value	2006 Loans	\$\$\$ Value
Banco Bilbao Vizcaya Argentaria	9	\$557,000	27	\$2,102,200
Banco Popular de Puerto Rico *	57	\$5,923,700	55	\$7,045,100
Banco Santander Puerto Rico	16	\$757,500	8	\$409,000
Business Loan Center	2	\$2,050,000	0	0
Citibank, N.A.	34	\$1,843,000	13	\$707,000
Doral Bank	1	\$25,000	8	\$227,000
Firstbank *	2	\$404,500	6	\$396,400
Oriental Bank & Trust	0	0	1	\$171,000
Scotiabank Puerto Rico	0	0	1	\$100,000
** COFECC	5	\$1,857,000	3	\$526,000
** Marketing Small Business Finance Corp.	4	\$908,000	5	\$1,034,000
** North PR Local Development Co.	0	0	0	0
** PR Business Development Corp.	1	\$110,000	1	\$156,000
** PYMES Financial Partners	9	\$1,878,000	5	\$1,756,000
TOTALS	140	\$16,313,700	133	\$14,629,700

UPCOMING EVENTS

Lender Training: Regular 7(a) Program

Date: Thursday, January 10, 2008
Time: 9:00 AM
Place: SBA District Office
Call: (787) 766-5572, ext. 249 / 252

8(a) Pre-certification Workshop

Date: Wednesday, January 30, 2008
Time: 9:00
Place: SBA District Office
Call: (787) 766-5572, ext. 233

Lender Training: Closing Requirements

Date: Thursday, February 14, 2008
Time: 9:00 AM
Place: SBA District Office
Call: (787) 766-5572, ext. 249 / 252